

HOUSE BILL REPORT

SSB 5266

As Reported by House Committee On:
Financial Institutions & Insurance

Title: An act relating to reserving state authority to regulate the customer transactions of financial service providers under the jurisdiction of the department of financial institutions.

Brief Description: Reserving state authority to regulate customer financial transactions.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 3/22/05 [DPA].

Brief Summary of Substitute Bill
(As Amended by House Committee)

- Prohibits cities, towns, counties, and other local governmental entities from regulating the terms or conditions or disclosures of financial transactions between a consumer and a financial institution or a business or profession regulated by the Department of Financial Institutions.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass as amended. Signed by 10 members: Representatives Kirby, Chair; Ericks, Vice Chair; Roach, Ranking Minority Member; Tom, Assistant Ranking Minority Member; Newhouse, Santos, Serben, Simpson, Strow and Williams.

Staff: Jon Hedegard (786-7127).

Background:

The financial services industry is generally regulated by federal and state governments. In Washington, financial services providers are regulated by the Department of Financial Institutions. Examples of financial services providers include: state chartered banks; savings banks; credit unions; check cashers; payday lenders; and licensed securities dealers.

In some states, local government entities have attempted to regulate financial services. In response, some states have enacted laws barring local governments from enforcing ordinances or regulations pertaining to financial services.

Title 35 addresses the regulation of cities and towns.

Title 35A addresses the regulation of entities that choose the optional municipal charter.

Title 36 addresses the regulation of counties.

RCW 30.22.041(2) defines "Financial Institution" as:

- state and national banks and trust companies;
- state and federal savings banks;
- state and federal savings and loan associations; and
- state and federal credit unions.

Summary of Amended Bill:

Cities, towns, counties, and other local governmental entities are prohibited from regulating the terms or conditions or disclosures of any lawful financial transaction between a consumer and either a business or profession under the jurisdiction of the Department of Financial Institutions or a financial institution defined in RCW 30.22.041.

Amended Bill Compared to Substitute Bill:

The word "disclosures" is added to section 2. The amended section 2 parallels language in sections 3 and 4.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: This is a good bill. Consistent state-wide regulation is important for financial institutions. The proposed amendment addresses a technical problem with inconsistent language. The bill and the amendment are supported by the financial services industry.

Testimony Against: None.

Persons Testifying: Gary Gardner, Boeing Employees Credit Union; and Denny Eliason, Washington Bankers Association.

Persons Signed In To Testify But Not Testifying: None.